



Avista Corp.
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October 26, 2015

Jean D. Jewell, Secretary
 Idaho Public Utilities Commission
 P O Box 83720
 Boise, ID 83720-0074

RECEIVED
 2015 OCT 28 AM 10:06
 IDAHO PUBLIC UTILITIES COMMISSION

Dear Ms. Jewell:

Re: Avista Application No. AVU-G-15-03

Dear Ms. Jewell:

Attached for filing with the Commission is an original and seven copies of the Company's Application for proposed revisions to the following tariff sheets, IPUC No. 27:

Third Revision Sheet 190	Canceling	Second Revision Sheet 190
Fourth Revision Sheet 190A	Canceling	Third Revision Sheet 190A
Third Revision Sheet 190B	Canceling	Second Revision Sheet 190B
	Canceling	Fourth Revision Sheet 190C
Eighth Revision Sheet 191	Canceling	Seventh Revision Sheet 191

The purpose of this filing is to revise associated terms and conditions, offered to customers under Avista Tariff "Schedule 190" (Natural Gas Efficiency Programs). These programs are funded from Schedule 191 (Energy Efficiency Rider Adjustment) revenues. The Company requests that this filing be processed under the Commission's Modified Procedure rules. Please direct any questions on this matter to Dan Johnson, Director, Energy Efficiency (509) 495-2807 or myself at (509) 495-4975.

Sincerely,

Manager, Regulatory Policy
 Avista Utilities
linda.gervais@avistacorp.com
 509-495-4975

Attachements

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UTILITIES COMMISSION

1 DAVID J. MEYER
2 VICE PRESIDENT AND CHIEF COUNSEL FOR
3 REGULATORY AND GOVERNMENTAL AFFAIRS
4 AVISTA CORPORATION
5 P.O. BOX 3727
6 1411 EAST MISSION AVENUE
7 SPOKANE, WASHINGTON 99220-3727
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9 david.meyer@avistacorp.com

10

11 BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

12 IN THE MATTER OF THE APPLICATION)
13 OF AVISTA CORPORATION FOR THE) CASE NO. AVU-G-15- 03
14 REQUEST TO RESUME NATURAL GAS)
15 EFFICIENCY PROGRAMS SCHEDULE 190 &)
16 INCREASE ITS ENERGY EFFICIENCY RIDER)
17 ADJUSTMENT SCHEDULE 191)
18

19 **I. INTRODUCTION**

20 Avista Corporation, doing business as Avista Utilities (hereinafter Avista or Company),
21 at 1411 East Mission Avenue, Spokane, Washington, respectfully requests the proposed
22 revisions to Schedule 190, "Natural Gas Efficiency Programs" to resume natural gas energy
23 efficiency programs to residential (including low income), commercial and industrial natural gas
24 customers, and to increase Schedule 191 rates "Energy Efficiency Rider Adjustment" to fund the
25 programs. Programs will be offered through prescriptive rebates to customer segments for
26 eligible weatherization and high efficiency equipment measures as well as custom incentives for
27 non-residential projects.

28 The Company's tariff rider mechanism is designed to match future revenue with
29 budgeted expenditures. The purpose of this filing is to re-establish the tariff rider sufficient to
30 fund the following twelve months of DSM. In this filing, Avista proposes an estimated annual

1 revenue increase of approximately \$1.25 million for natural gas Schedule 191, or an increase of
2 1.7% in overall billed rates.

3 The Company's 2014 Natural Gas Integrated Resource Plan (IRP) established an estimate
4 of natural gas efficiency acquisition that was cost-effective relative to the Utility Cost Test
5 (UCT)¹ metric applied to the natural gas portfolio. The Company proposes, in this filing to
6 measure natural gas programs under the UCT because the acquisition achievable by use of this
7 metric is greater than that which would have been arrived at by use of the Total Resource Cost
8 (TRC)² metric. The 2016 achievable, and UCT cost-effective acquisition, was estimated at
9 233,000 first year therm savings.

10 The Company requests that this filing be processed under the Commission's Modified
11 Procedure rules.

12 Communications in reference to this Application should be addressed to:

13 David J. Meyer, Esq.
14 Vice President and Chief Counsel for
15 Regulatory and Governmental Affairs
16 Avista Corporation
17 P.O. Box 3727
18 1411 E. Mission Avenue, MSC-13
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¹ The Utility Cost Test (UCT) includes only the costs and benefits that accrue to the utility or program administrator. (Frequently, the UCT is referred to as the Program Administrator Test.) In contrast to the TRC, the UCT does not include costs or non-energy benefits to an individual customer. Accordingly, the UCT does not introduce an internal bias against conservation programs or the need for studies to value non-energy benefits. The UCT compares the utility's avoided cost of energy procurement and supply to the utility's cost of implementing conservation programs.

² The Total Resource Cost Test (TRC) is designed to capture all of a conservation program's benefits and costs, regardless of who pays for them. The TRC includes significant non-energy benefits that accrue to the utility and its ratepayers. A properly calculated TRC will account for a variety of benefits, including the hedge value of risk avoidance ("risk reduction value"), downward price pressure from reduced demand, the value of quantifiable non-energy benefits, and a method for including non-energy benefits that are difficult to quantify. A major concern with the TRC is that it typically includes the full costs, but not the full benefits to customers because the risk reduction value of conservation and many non-energy benefits are difficult to quantify. This introduces a potential bias in the TRC against conservation programs.

1 **II. BACKGROUND**

2 In 2012, due to the changing natural gas supply picture and resultant lower prices that
3 resulted in the decline of natural gas avoided costs, the Company filed, and the Commission
4 approved the suspension of its natural gas programs. Therefore, Avista's Idaho Schedule 191
5 was reduced to \$0.00/therm for every rate class due to difficulty in achieving a meaningful cost-
6 effective natural gas portfolio according to the Net Total Resource Cost (TRC) cost-effectiveness
7 test.

8 The Company has remained committed to a continual re-evaluation of the prospects for
9 the natural gas DSM portfolio. During each annual business planning cycle an assessment of the
10 viability of offering a natural gas portfolio is done.

11 For the same reasons as explained above, the Company filed to suspend its natural gas
12 programs in its Washington and Oregon jurisdictions as well. The Oregon Commission requested
13 the Company continue its natural gas DSM programs, and in Washington the Commission
14 determined that it was not advisable for Avista to discontinue its natural gas conservation
15 programs without evaluating the pros and cons of the TRC and the UCT.

16 After much discussion with the Washington Commission Staff and other interested
17 stakeholders, it was decided that the Company would use the UCT for purposes of evaluating
18 cost-effectiveness of its natural gas programs, with the exception of low-income programs.

19 During 2015, Avista began its evaluation of the current composition and components of
20 natural gas avoided costs and compared them with other regional and national utilities. The
21 research and proposed additions to Avista's avoided cost were presented to the Company's DSM
22 Advisory Group for feedback in August 2015 in order to seek advice if there were other future
23 avoided cost analyses the Company should perform. The Idaho Commission Staff suggested that

1 the Company do further analysis on the value that conservation provides in deferring natural gas
2 capacity projects. Given the limited timing for the delivery of the Company's 2016 draft business
3 plan, this analysis has not yet been included.

4 Finally, recent proceedings in Idaho resulted in Idaho Commission guidance emphasizing
5 the value of the UCT.

6 7 **III. Avoided Cost Methodology:**

8 Unlike electric avoided costs which have the Northwest Power and Conservation Council
9 methodology as a foundation for utilities to follow, natural gas avoided costs do not have a
10 central regional entity to reference, and thus leads to a large degree of variability between
11 utilities. Historically, Avista has only included the value from the weighted average forward
12 price curves from the market hubs, the variable portion of transmission costs from market to gate
13 stations, and the regional conservation preference credit. Avista has differentiated between the
14 value of "annual" therm savings and "winter" therm savings to account for the seasonal
15 differences between market prices however, much of the actual difference is muted from the
16 ability to buy and store natural gas during the historically lower priced summer months for use
17 during historically higher priced winter months.

18 While there are certainly a large number of components that various utilities use as part
19 of their natural gas avoided cost, Avista presented three changes to the Advisory Group for the
20 2016 Business Plan.

21 First, Avista locks in enough firm transmission capacity for a peak day and thus has very
22 little variable natural gas transmission costs, approximately 0.1% of total retail cost. This does
23 not accurately represent all of the costs of transporting gas from wellhead to the customer meter.

1 The Company believes that the demand portion of Schedule 150 is a more accurate
2 representation of the total costs to deliver natural gas from the wellhead to the customer meter,
3 and therefore, that should be a component of the natural gas avoided cost calculation. Since the
4 electric forward market prices are based off of the Mid-C market hub, a \$2.69/MWh long term
5 firm wheeling charge was proposed to the Advisory Group and is being included in the electric
6 avoided costs.

7 Second, there are a range of carbon cost assumptions for the future from \$0/metric ton to
8 at least \$220/metric ton and potentially higher. The Northwest Power and Conservation Council
9 for the 7th Power Plan is expected to use the EPA 3% discount rate assumption which currently
10 stands at \$40/metric ton and ramps to \$47/metric ton in 2020. Since carbon dioxide is a direct
11 byproduct of natural gas combustion and uncertain regulation in the future, the Company
12 believed that it would be appropriate to include a conservative figure to account for an uncertain
13 future. Avista presented a \$10/metric ton starting in 2020 with a 3% annual escalation to its
14 Advisory Group.

15 Third, there are a range of discount rates that utilities use to measure the cost-
16 effectiveness of conservation among the different cost-effectiveness tests. During the review of
17 the many different approaches and rationales for the different discount rates, the Company
18 decided that its Weighted Average Cost of Capital (WACC) is still the appropriate discount rate,
19 but the tax benefits of debt financing as well as an inflation adjustment should be included in any
20 discounting rate. Moving from a nominal WACC to a real WACC was presented to the DSM
21 Advisory Group as well.

22

23

1 **IV. Appropriate Measure of Cost Effectiveness**

2 Historically, the TRC has been the primary tool to measure cost-effectiveness with
3 additional attention paid to the perspectives provided by the UCT, Participant Cost Test (PCT)
4 and Ratepayer Impact Measurement (RIM). However, given that the components of the TRC
5 attempt to address an overall benefit cost analysis this comparison does have a disconnect in that
6 the benefits are primarily based off of the utilities' avoided costs, which do benefit customers,
7 but the costs are primarily driven by the cost the customer's pay for the individual conservation
8 measure. When Avista filed to suspend natural gas programs based upon the difficulty in
9 delivering a cost-effective portfolio according to the Net TRC in Washington, the Commission
10 and Commission Staff encouraged Avista to use the UCT as the measure of prudent utility
11 spending for the company's natural gas programs.

12 Avista is also very appreciative of the work the Idaho Commission Staff did to provide a
13 draft revised Memorandum of Understanding earlier this year and was encouraged by the
14 increased focus on the UCT as a measurement of cost-effectiveness. In addition in the IPUC's
15 recent Order 33365 the Commission stated:

16 "When the Company ultimately seeks to recover its prudent investment in such
17 programs, however, we believe the Company may (but need not exclusively)
18 emphasize the UCT-and that test's focus on Company-controlled benefits and costs-
19 to argue whether the programs were cost-effective."
20

21 The Company will continue to report the multiple cost-effectiveness tests (TRC, UCT,
22 PCT & RIM), however will emphasize the UCT as a basis for prudence and reinstating our
23 natural gas conservation programs.
24
25

V. **Foundational Data**

The analysis for this revision to Schedule 191 is based upon the Washington Natural Gas Portfolio of Avista’s Draft 2016 DSM Business Plan. The draft business plan expects the Washington natural gas portfolio to have a UCT of 2.02 and a TRC of 0.93. Below is a list of programs and their cost-effectiveness tests for 2016.

Table 1: Washington Natural Gas Programs Cost-Effectiveness.

	Therms	TRC	UCT	PCT	RIM
WA LI	23,012	1.52	0.83	NA	0.31
Web Tstat	5,387	0.47	1.56	1.08	0.41
Prescriptive Res	252,681	0.90	2.49	5.34	0.21
SSSS (Simple Steps, Smart Savings)	11,274	1.05	4.44	2.15	0.50
Residential	269,342	0.90	2.49	5.17	0.21
NonRes HVAC	29,157	2.26	3.74	8.10	0.49
NonRes Shell	6,051	1.09	1.74	4.25	0.42
Food Service Equipment	23,488	1.80	2.06	12.30	0.44
Site Specific	181,305	0.78	1.75	2.13	0.42
SMB	35,298	2.38	2.07	NA	0.48
C/I	275,299	0.93	1.89	2.72	0.43
WA NG TOTAL	544,641	0.91	2.20	4.29	0.27
WA NG TOTAL W/LI	567,653	0.93	2.02	4.58	0.27

1 **VI. Schedule 190**

2 As part of the proposed reinstatement, Avista plans to revise Schedule 190 to provide
3 customers with a levelized incentive of \$3.00 per first year therm savings for any project with a
4 simple payback less than 15 years and capped at 70% of the project cost. The Company believes
5 that there is an opportunity to streamline the incentive approach to increase acquisition through
6 increased customer and vendor engagement and program understanding.

7
8 **VII. Customer Experience**

9 Avista's natural gas customers in Idaho have expressed frustration and confusion to DSM
10 staff multiple times about why Avista choose to suspend natural gas conservation programs.
11 There have been many lost-opportunity instances where standard efficiency equipment has been
12 installed during the absence of the Idaho natural gas conservation programs. The Company looks
13 forward to reengaging the Idaho natural gas customers and encouraging them to choose energy
14 efficient options.

15
16 **VIII. Proposed 2016 Budget**

17 The Company estimates in Table No. 2 below that the future acquisition from
18 conservation programs will be approximately 230,000 therms of conservation during 2016.

1 **Table No. 2: Estimated 2016 Idaho Natural Gas Budget**

2

	2016 Idaho Natural Gas Portfolio
3 Total incentives	\$690,000
4 Total labor	\$335,000
5 Total non-labor / non-incentive	\$50,000
6 NEEA Gas (ID Portion)	\$118,782
7 Natural Gas CPA	\$50,000
8 Total budget	\$1,243,782

9

10 **IX. REQUEST FOR APPROVAL**

11 Avista respectfully requests the Commission approve the proposed increase in rates and
12 charges in Schedule 191. The estimated annual revenue change associated with this filing is an
13 increase of approximately \$1.25 million for natural gas Schedule 191, or an increase of 1.7% in
14 overall billed rates to be effective January 1, 2016. The proposed rate increase will have an
15 average monthly bill impact of \$1.11 to residential natural gas customers using 61 therms.

16 **X. CUSTOMER NOTIFICATION**

17 Notice to the public of the proposed rates and charges, pursuant to IDAPA 31.21.02.102,
18 will be given simultaneously with the filing, by posting a notice at each of the Company's
19 district offices in Idaho, which is attached as Attachment A. Notice of proposed rates will also
20 be given to all Idaho customers by individual bill insert. The proposed effective date is January
21 1, 2016.

1 **XI. CONCLUSION**

2 WHEREFORE, Applicant respectfully requests the Commission issue its Order
3 finding the proposed programs in Schedule 190 and the rates and charges in Schedule 191,
4 attached to this Application as Attachment A and B respectively, to be fair, just, reasonable and
5 nondiscriminatory, and effective for natural gas service rendered on and after January 1, 2016,
6 with this application being processed under Modified Procedure.

7 DATED at Spokane, Washington, this 26th day of October 2015.

8 AVISTA CORPORATION

9 By *Kelly O. Norwood*

10 Kelly O. Norwood,

11 Vice President, State and Federal Regulation

Schedule 190

Strike

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 190
NATURAL GAS EFFICIENCY PROGRAMS
IDAHO

1. AVAILABILITY

~~Effective September 1, 2012, natural gas efficiency programs, incentives and rebates are available only for projects that meet the following conditions:~~

~~A. Site Specific Programs:~~

- ~~1) Customer has an existing contract with Avista – the Company will honor all terms and conditions of contracts and agreements that were fully executed prior to September 1, 2012. Such contracts and agreements must be signed by both the Company and the customer.~~
- ~~2) Natural gas energy efficiency projects, proposed by the customer to Avista prior to September 1, 2012, but without fully executed contracts, will be honored by the Company under the following conditions:~~
 - ~~i. The Company has already conducted an analysis of a proposed natural gas energy efficiency measure. If the Company has not already conducted an analysis of a proposed natural gas energy efficiency measure, customers seeking incentive funding will submit an overview of their proposed natural gas energy efficiency project to the Company in writing or via email by September 1, 2012.~~
 - ~~ii. All material documentation required for Avista to conduct an analysis to determine energy efficiency savings and potential incentive funding must be received by the Company by October 15, 2012. The Company has the sole discretion to determine if such documentation is sufficient for analysis, and if the documentation is not sufficient, will reject the project from incentive funding consideration.~~
 - ~~iii. Customers who wish to proceed with any natural gas energy efficiency measure which has been evaluated by the Company subject to the terms and conditions of this tariff must sign an energy efficiency agreement with the Company by January 15, 2013.~~
 - ~~iv. Customers must complete any contracted projects by January 15, 2014, unless otherwise agreed to in certain contracts executed prior to September 1, 2012~~

~~B. Residential and Non-Residential Prescriptive Rebate Programs: Qualifying customers in the Company's Residential and Non-Residential Prescriptive Rebate Programs must send to Avista all required rebate forms and other required documentation postmarked by November 1, 2012 to be eligible for payment. Any requests received after November 1, 2012 will not be eligible for payment.~~

Issued June 28, 2012

Effective September 1, 2012

Issued by Avista Corporation
By

Kelly Norwood, Vice-President, State and Federal Regulation

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 190 – continued
NATURAL GAS EFFICIENCY PROGRAMS - IDAHO

~~C. Limited Income Programs: All existing 2012 Community Action Partnership contracts with natural gas incentives will be honored. No additional natural gas measures will be funded effective January 1, 2013.~~

~~The services described herein are available to qualifying residential, commercial, and industrial, retail natural gas distribution customers of Avista Corporation for the purpose of promoting the efficient use of natural gas. Customers receiving natural gas distribution service provided under special contract and/or customers receiving natural gas services not specified under Tariff Schedule 191 (Natural Gas Efficiency Rider Adjustment) are not eligible for services contained in this schedule unless specifically stated in such contract or other service agreement. The Company may provide partial funding for the installation of natural gas efficiency measures and may provide other services to customers for the purpose of identification and implementation of cost effective natural gas efficiency measures as described in this schedule. Facilities-based services are available to owners of facilities, and also may be provided to tenants who have obtained appropriate owner consent.~~

~~Assistance provided under this schedule is limited to end uses where natural gas is or would be the energy source and to measures which increase the efficient use of natural gas. Customer participation under this schedule shall be based on eligibility requirements contained herein.~~

2. ELIGIBLE CUSTOMER SEGMENTS

All customers in all customer segments to whom this tariff is available are eligible for participation in natural gas efficiency programs developed in compliance with this tariff.

Issued June 28, 2012

Effective September 1, 2012

Issued by Avista Corporation
By

Kelly Norwood, Vice-President, State and Federal Regulation

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 190 – continued
NATURAL GAS EFFICIENCY PROGRAMS - IDAHO

3. MEASURES

Only natural gas efficiency measures with verifiable energy savings are eligible for assistance. Measure eligibility may not necessarily apply to all customer segments. Final determination of applicable measures will be made by the Company.

4. FUNDING AND NONMONETARY ASSISTANCE**4.1 Funding**

The incentives specified below are provided by the Company to promote the best use of natural gas resources. Incentives are based upon the simple payback of the measure prior to the application of an incentive, as calculated by Company staff and based upon standardized measure cost(s). These incentive tiers apply to measures with energy savings at the current energy rates lasting 10 years or longer that meet or exceed current manufacturing and energy codes and/or industry standard practices that are applicable to the project. Simple payback is defined as the capital cost of the project divided by the energy savings at the current energy rates per year. Capital cost included in the calculation is the portion associated with the energy saving portion of the project only. The incentives for qualifying projects as detailed in Section 1 (Availability) shall be as follows:

Measures	Simple Pay-Back Period	Incentive Level (dollars/first year therm saved) (Minimum measure life of 10 years)
Natural Gas Efficiency	1 to under 2 years	2.00
	2 to under 4 years	2.50
	4 to under 6 years	3.00
	6 to under 13 years	3.50
	13 years and Over	0.00

~~Incentives in which the tier structure applies will be capped at 50% of the incremental project cost with the exception of the following that may be capped at a maximum of 100% of the measure cost:~~

- 4.1.1 Energy efficiency programs delivered by community action agencies contracted by the Company to serve Limited Income or vulnerable customer segments including agency administrative fees and health and human safety measures;
- 4.1.2 Low-cost natural gas efficiency measures with demonstrable energy savings (e.g. rooftop unit service);

Issued June 28, 2012

Effective September 1, 2012

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 190 – continued
NATURAL GAS EFFICIENCY PROGRAMS - IDAHO

4.1.3 Programs or services supporting or enhancing local, regional or national natural gas efficiency market transformation efforts.

Avista Corporation will actively pursue natural gas efficiency opportunities that may not fit within the prescribed services and simple pay-back periods described in this tariff. In these circumstances the customer and Avista Corporation will enter into a site specific services agreement.

5. BUDGET & REPORTING

The natural gas efficiency programs defined within this tariff will be funded by surcharges levied within Schedule 191. The Company will manage these programs to obtain resources that are cost-effective from a Total Resource Cost perspective and achievable through utility intervention. Schedule 191 will be reviewed annually and revised as necessary to provide adequate funding for natural gas efficiency efforts.

6. General Rules and Provisions

Service under this schedule is subject to the General Rules and Provisions contained in this tariff and is limited to facilities receiving natural gas service from the Company.

All installations and equipment must comply with all local code and permit requirements applicable and be properly inspected, if required, by appropriate agencies.

The Company may establish specifications regarding any natural gas efficiency measures and modifications to be effected under this schedule and may conduct inspections to insure that such specifications are met.

Issued ~~June 28, 2012~~

Effective ~~September 1, 2012~~

Issued by Avista Corporation
By

Kelly Norwood, Vice-President, State and Federal Regulation

Schedule 190

Underline

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 190
NATURAL GAS EFFICIENCY PROGRAMS
IDAHO

1. AVAILABILITY

The services described herein are available to qualifying residential, commercial, and industrial, retail natural gas distribution customers of Avista Corporation for the purpose of promoting the efficient use of natural gas. Customers receiving natural gas distribution service provided under special contract and/or customers receiving natural gas services not specified under Tariff Schedule 191 (Natural Gas Efficiency Rider Adjustment) are not eligible for services contained in this schedule unless specifically stated in such contract or other service agreement. The Company may provide partial funding for the installation of natural gas efficiency measures and may provide other services to customers for the purpose of identification and implementation of cost effective natural gas efficiency measures as described in this schedule. Facilities-based services are available to owners of facilities, and also may be provided to tenants who have obtained appropriate owner consent.

Assistance provided under this schedule is limited to end uses where natural gas is or would be the energy source and to measures which increase the efficient use of natural gas. Assistance may take the form of monetary incentives or non-monetary incentives, as further defined within this tariff. The acquisition of resources is cost-effective as defined by a Utility Cost Test (UCT) as a portfolio. Customer participation under this schedule shall be based on eligibility requirements contained herein.

2. ELIGIBLE CUSTOMER SEGMENTS

All customers in all customer segments to whom this tariff is available are eligible for participation in natural gas efficiency programs developed in compliance with this tariff.

3. MEASURES

Only natural gas efficiency measures with verifiable energy savings are eligible for assistance. Measure eligibility may not necessarily apply to all customer segments. Final determination of applicable measures will be made by the Company.

Issued October 26, 2015

Effective January 1, 2016

Issued by Avista Corporation
By

Kelly Norwood, Vice-President, State and Federal Regulation

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 190 – continued
NATURAL GAS EFFICIENCY PROGRAMS - IDAHO

4. FUNDING AND NONMONETARY ASSISTANCE

4.1 Funding

The incentives specified below are provided by the Company to promote the best use of natural gas resources. Incentives are based upon the simple payback of the measure prior to the application of an incentive, as calculated by Company staff and based upon standardized measure cost(s). These incentive tiers apply to measures with energy savings at the current energy rates lasting 10 years or longer that meet or exceed current manufacturing and energy codes and/or industry standard practices that are applicable to the project. Simple payback is defined as the capital cost of the project divided by the energy savings at the current energy rates per year. Capital cost included in the calculation is the portion associated with the energy saving portion of the project only. The incentives for qualifying projects as detailed in Section 1 (Availability) shall be as follows:

Measures	Simple Pay-Back Period	Incentive Level (dollars/first year therm saved) (<u>Minimum measure life of 10 years</u>)
Natural Gas Efficiency	<u>Under 15 years</u>	<u>3.00</u>
	<u>Over 15 years</u>	<u>0.00</u>

All projects will be capped at 70% of incremental project cost based upon the above tiers. Incentives for efficiency measures within the following categories shall not exceed 100% of the project cost:

- 4.1.1 Energy efficiency programs delivered by community action agencies contracted by the Company to serve Limited Income or vulnerable customer segments including agency administrative fees and health and human safety measures;
- 4.1.2 Low-cost natural gas efficiency measures with demonstrable energy savings (e.g. rooftop unit service);

Issued October 26, 2015

Effective January 1, 2016

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AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 190 – continued
NATURAL GAS EFFICIENCY PROGRAMS – IDAHO

4.1.3 Programs or services supporting or enhancing local, regional or national natural gas efficiency market transformation efforts.

4.1.4 Prescriptive programs are guided by the typical application of that measure in accordance with the previously defined incentive structure. Incentive levels for these programs are based on market conditions at the time of the program design and are not dependent on actual project cost relative to incentive caps. Incentives shall not exceed project costs.

Avista Corporation will actively pursue natural gas efficiency opportunities that may not fit within the prescribed services and simple pay-back periods described in this tariff. In these circumstances the customer and Avista Corporation will enter into a site specific services agreement.

5. BUDGET & REPORTING

The natural gas efficiency programs defined within this tariff will be funded by surcharges levied within Schedule 191. The Company will manage these programs to obtain resources that are cost-effective from a Total Resource Cost perspective and achievable through utility intervention. Schedule 191 will be reviewed annually and revised as necessary to provide adequate funding for natural gas efficiency efforts.

6. General Rules and Provisions

Service under this schedule is subject to the General Rules and Provisions contained in this tariff and is limited to facilities receiving natural gas service from the Company.

All installations and equipment must comply with all local code and permit requirements applicable and be properly inspected, if required, by appropriate agencies.

The Company may establish specifications regarding any natural gas efficiency measures and modifications to be effected under this schedule and may conduct inspections to insure that such specifications are met.

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Effective January 1, 2016

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 190 – continued
NATURAL GAS EFFICIENCY PROGRAMS – IDAHO

*****Delete Sheet 190C*****

Issued October 26, 2015

Effective January 1, 2016

Issued by Avista Corporation
By

Kelly Norwood, Vice-President, State and Federal Regulation

Schedule 190

Clean

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 190
NATURAL GAS EFFICIENCY PROGRAMS
IDAHO

1. AVAILABILITY

The services described herein are available to qualifying residential, commercial, and industrial, retail natural gas distribution customers of Avista Corporation for the purpose of promoting the efficient use of natural gas. Customers receiving natural gas distribution service provided under special contract and/or customers receiving natural gas services not specified under Tariff Schedule 191 (Natural Gas Efficiency Rider Adjustment) are not eligible for services contained in this schedule unless specifically stated in such contract or other service agreement. The Company may provide partial funding for the installation of natural gas efficiency measures and may provide other services to customers for the purpose of identification and implementation of cost effective natural gas efficiency measures as described in this schedule. Facilities-based services are available to owners of facilities, and also may be provided to tenants who have obtained appropriate owner consent.

Assistance provided under this schedule is limited to end uses where natural gas is or would be the energy source and to measures which increase the efficient use of natural gas. Assistance may take the form of monetary incentives or non-monetary incentives, as further defined within this tariff. The acquisition of resources is cost-effective as defined by a Utility Cost Test (UCT) as a portfolio. Customer participation under this schedule shall be based on eligibility requirements contained herein.

2. ELIGIBLE CUSTOMER SEGMENTS

All customers in all customer segments to whom this tariff is available are eligible for participation in natural gas efficiency programs developed in compliance with this tariff.

3. MEASURES

Only natural gas efficiency measures with verifiable energy savings are eligible for assistance. Measure eligibility may not necessarily apply to all customer segments. Final determination of applicable measures will be made by the Company.

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SCHEDULE 190 – continued
NATURAL GAS EFFICIENCY PROGRAMS - IDAHO

4. FUNDING AND NONMONETARY ASSISTANCE

4.1 Funding

The incentives specified below are provided by the Company to promote the best use of natural gas resources. Incentives are based upon the simple payback of the measure prior to the application of an incentive, as calculated by Company staff and based upon standardized measure cost(s). These incentive tiers apply to measures with energy savings at the current energy rates lasting 10 years or longer that meet or exceed current manufacturing and energy codes and/or industry standard practices that are applicable to the project. Simple payback is defined as the capital cost of the project divided by the energy savings at the current energy rates per year. Capital cost included in the calculation is the portion associated with the energy saving portion of the project only. The incentives for qualifying projects as detailed in Section 1 (Availability) shall be as follows:

Measures	Simple Pay-Back Period	Incentive Level (dollars/first year therm saved) (Minimum measure life of 10 years)
Natural Gas Efficiency	Under 15 years	3.00
	Over 15 years	0.00

All projects will be capped at 70% of incremental project cost based upon the above tiers. Incentives for efficiency measures within the following categories shall not exceed 100% of the project cost:

- 4.1.1 Energy efficiency programs delivered by community action agencies contracted by the Company to serve Limited Income or vulnerable customer segments including agency administrative fees and health and human safety measures;
- 4.1.2 Low-cost natural gas efficiency measures with demonstrable energy savings (e.g. rooftop unit service);

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By

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AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 190 – continued
NATURAL GAS EFFICIENCY PROGRAMS – IDAHO

4.1.3 Programs or services supporting or enhancing local, regional or national natural gas efficiency market transformation efforts.

4.1.4 Prescriptive programs are guided by the typical application of that measure in accordance with the previously defined incentive structure. Incentive levels for these programs are based on market conditions at the time of the program design and are not dependent on actual project cost relative to incentive caps. Incentives shall not exceed project costs.

Avista Corporation will actively pursue natural gas efficiency opportunities that may not fit within the prescribed services and simple pay-back periods described in this tariff. In these circumstances the customer and Avista Corporation will enter into a site specific services agreement.

5. BUDGET & REPORTING

The natural gas efficiency programs defined within this tariff will be funded by surcharges levied within Schedule 191. The Company will manage these programs to obtain resources that are cost-effective from a Total Resource Cost perspective and achievable through utility intervention. Schedule 191 will be reviewed annually and revised as necessary to provide adequate funding for natural gas efficiency efforts.

6. GENERAL RULES AND PROVISIONS

Service under this schedule is subject to the General Rules and Provisions contained in this tariff and is limited to facilities receiving natural gas service from the Company.

All installations and equipment must comply with all local code and permit requirements applicable and be properly inspected, if required, by appropriate agencies.

The Company may establish specifications regarding any natural gas efficiency measures and modifications to be effected under this schedule and may conduct inspections to insure that such specifications are met.

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Schedule 191

Strike

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 191

ENERGY EFFICIENCY RIDER ADJUSTMENT - IDAHO

APPLICABLE:

To Customers in the State of Idaho where the Company has natural gas service available. This Energy Efficiency Rider or Rate Adjustment shall be applicable to all retail customers taking service under Schedules 101, 111, 112, 131, and 132. This Rate Adjustment, is designed to recover costs incurred by the Company associated with providing energy efficiency services and programs to customers. The Company may, at its discretion to match revenue under this schedule with demand for services under Schedule 190, reduce or increase this charge on an annual basis. Any change in this charge is subject to Commission approval and its review of the previous year expenditures under Schedule 190 and determinations with regard to any revenue carry forward, and prospective budget on an annual basis. Any annual expenditures exceeding annual collections when combined with any carry forward budget surplus shall be at the Company's risk of future recovery.

MONTHLY RATE:

The energy charges of the individual rate schedules are to be increased by the following amounts:

Schedule 101	\$0.00000 per Therm
Schedule 111 & 112	\$0.00000 per Therm
Schedule 131 & 132	\$0.00000 per Therm

SPECIAL TERMS AND CONDITIONS:

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Rate is subject to increases as set forth in Tax Adjustment Schedule 158.

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Schedule 191

Underline

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 191

ENERGY EFFICIENCY RIDER ADJUSTMENT - IDAHO

APPLICABLE:

To Customers in the State of Idaho where the Company has natural gas service available. This Energy Efficiency Rider or Rate Adjustment shall be applicable to all retail customers taking service under Schedules 101, 111, 112, 131, and 132. This Rate Adjustment, is designed to recover costs incurred by the Company associated with providing energy efficiency services and programs to customers. The Company may, at its discretion to match revenue under this schedule with demand for services under Schedule 190, reduce or increase this charge on an annual basis. Any change in this charge is subject to Commission approval and its review of the previous year expenditures under Schedule 190 and determinations with regard to any revenue carry forward, and prospective budget on an annual basis. Any annual expenditures exceeding annual collections when combined with any carry forward budget surplus shall be at the Company's risk of future recovery.

MONTHLY RATE:

The energy charges of the individual rate schedules are to be increased by the following amounts:

Schedule 101	<u>\$0.01818</u> per Therm
Schedule 111 & 112	<u>\$0.00978</u> per Therm
Schedule 131 & 132	<u>\$0.00978</u> per Therm

SPECIAL TERMS AND CONDITIONS:

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Rate is subject to increases as set forth in Tax Adjustment Schedule 158.

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Schedule 191

Clean

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 191

ENERGY EFFICIENCY RIDER ADJUSTMENT - IDAHO

APPLICABLE:

To Customers in the State of Idaho where the Company has natural gas service available. This Energy Efficiency Rider or Rate Adjustment shall be applicable to all retail customers taking service under Schedules 101, 111, 112, 131, and 132. This Rate Adjustment, is designed to recover costs incurred by the Company associated with providing energy efficiency services and programs to customers. The Company may, at its discretion to match revenue under this schedule with demand for services under Schedule 190, reduce or increase this charge on an annual basis. Any change in this charge is subject to Commission approval and its review of the previous year expenditures under Schedule 190 and determinations with regard to any revenue carry forward, and prospective budget on an annual basis. Any annual expenditures exceeding annual collections when combined with any carry forward budget surplus shall be at the Company's risk of future recovery.

MONTHLY RATE:

The energy charges of the individual rate schedules are to be increased by the following amounts:

Schedule 101	\$0.01818 per Therm
Schedule 111 & 112	\$0.00978 per Therm
Schedule 131 & 132	\$0.00978 per Therm

SPECIAL TERMS AND CONDITIONS:

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Rate is subject to increases as set forth in Tax Adjustment Schedule 158.

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